

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

FISCAL YEAR 2008 – 09 BUDGET BRIEFING

**Secretary for Environmental Protection
Air Resources Board
Department of Pesticide Regulation
Department of Toxic Substances Control
Integrated Waste Management Board
Office of Environmental Health Hazard Assessment
State Water Resources Control Board**



January 11, 2008

AGENDA

**Friday, January 11, 2008
Room 447, State Capitol
Sacramento, California**

California Environmental Protection Agency	Linda Adams, Secretary
Air Resources Board	James Goldstene, Executive Officer
Department of Pesticide Regulation	Mary-Ann Warmerdam, Director
Department of Toxic Substances Control	Maureen Gorsen, Director
Integrated Waste Management Board	Margo Reid Brown, Chair
Office of Environmental Health Hazard Assessment	Joan Denton, Ph. D., Director
State Water Resources Control Board	Dorothy Rice, Executive Director



CAL/EPA

Program Highlights

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

Improving Cross Media Coordination, Reducing Risk, and Measuring Results for California's People and Environment

Our Organization

Approximately 4,550 scientists, engineers, physicians, lawyers, managers, and Cal/EPA staff work throughout California as employees of the Office of the Secretary, the Air Resources Board, the Department of Pesticide Regulation, the Department of Toxic Substances Control, the Integrated Waste Management Board, the Office of Environmental Health Hazard Assessment, and the State Water Resources Control Board and the nine Regional Water Quality Control Boards.

Our Mission

To restore, protect, and enhance the environment, to ensure public health, environmental quality and economic vitality.

Our Vision

A California that enjoys a clean, healthy, sustainable environment that enhances the quality of life for current and future generations, and protects our diverse natural resources.

Cal/EPA's Strategic Goals

- ◆ Air that is healthy to breathe, sustains and improves our ecosystems, and preserves natural and cultural resources.
- ◆ Rivers, lakes, estuaries and marine waters that are fishable, swimmable, support healthy ecosystems and other beneficial uses.
- ◆ Groundwater that is safe for drinking and other beneficial uses.
- ◆ Communities that are free from unacceptable human health and ecological risks due to exposure from hazardous substances and other potential harmful agents.
- ◆ Reduce or eliminate the disproportionate impacts of pollution on low-income and minority populations.
- ◆ Ensure the efficient use of natural resources.
- ◆ Continuous improvement and application of science and technology.
- ◆ An efficient and effective Cal/EPA in pursuit of its mission.

Our Organization

The California Environmental Protection Agency (Cal/EPA) administers the state's environmental protection programs, which focus on restoring, preserving, and enhancing California's environmental quality and protecting public health.

The Secretary for Environmental Protection oversees the six boards, department, and offices within Cal/EPA:

- **Air Resources Board** – The Air Board sets statewide standards to attain healthy air quality and regulates emissions from motor vehicles, fuels, and consumer products. The Board also monitors air pollution and administers regulatory and incentive programs to attain healthy air, in conjunction with the 35 local air quality districts that regulate other sources of air pollution. The Air Board is also the lead for implementation of the Global Warming Solutions Act of 2006.
- **Department of Pesticide Regulation** – The Department of Pesticide Regulation evaluates the potential health risks and effectiveness of pesticide products, licenses pesticide applicators, and oversees pesticide enforcement administered by the local agricultural commissioners.
- **Department of Toxic Substances Control** – The Department of Toxic Substances Control protects people and our environment by reducing exposure to hazardous substances. The Department regulates handling and disposal of hazardous wastes, oversees cleanup of contaminated sites, and promotes pollution prevention.
- **Integrated Waste Management Board** – The Waste Board's mission is to reduce solid waste, encourage recycling and reuse of materials, and regulate the processing and disposal of solid waste. The Board also oversees the local enforcement agencies that ensure the proper operation and closure of solid waste landfills.
- **Office of Environmental Health Hazard Assessment** – the Office of Environmental Health Hazard Assessment conducts science-based risk assessments of chemicals; these evaluations are the scientific foundation for many of the state's environmental regulatory programs.
- **State Water Resources Control Board** – the Water Board, which includes nine regional water quality control boards, protects water quality by regulating pollutants discharged into the state's ground water, rivers, lakes, and the Pacific Ocean. The Board also issues water rights permits and licenses to ensure the most beneficial utilization of California's water resources.

Major Accomplishments in 2007

AIR QUALITY

Emission Reduction Measures for Composite Wood Products

The Air Resources Board (ARB) adopted regulations that require the manufacturers of composite wood products, such as hardwood plywood, particleboard and fiberboard to reduce formaldehyde emissions, a toxic pollutant, to protect public health. The measure establishes two phases of formaldehyde emission standards. Phase 1 (2009) will bring California in line with European and Japanese standards. Phase 2 (2010-2012) will establish standards that will be among the most stringent in the world. To ensure compliance, foreign and domestic manufacturers must certify their products by a “third party” lab approved by ARB and clearly label the items as meeting California’s emission requirements. Distributors, contractors, panel manufacturers, and imports will be held responsible for assuring their products comply with the standards.

Goods Movement Emission Reduction Measures

The ARB adopted measures that significantly reduce the public’s exposure to toxic diesel particulate matter in and around ports and intermodal rail yards. These measures require operators of certain types of ocean-going vessels to shut down their diesel auxiliary engines while docked at the state’s busiest ports in favor of using shore-based power. The second regulation is aimed at cleaning up emissions from the aging fleet of dirty diesel trucks that haul goods around the clock to and from ports and rail yards throughout the State. The third measure will require cleaner engines for the many ferries, excursion vessels, tugboats, and towboats that operate in and around the ports. Combined with other measures already approved by the Board, these measures will reduce diesel emissions by almost two-thirds by 2010 and by an estimated 75 percent by 2014. In addition, the measures will reduce the emissions of smog-forming compounds and greenhouse gases and are major elements of the State’s Goods Movement Emission Reduction Plan.

Off-Road Diesel Vehicle Emission Reduction Regulation

In July 2007, the ARB approved a regulation to reduce emissions from existing off-road diesel vehicles used in California in construction, mining, and other industries. The regulation requires fleets to apply exhaust retrofits that capture pollutants before they are emitted to the air and to accelerate turnover of fleets to newer, cleaner engines. The regulation is expected to significantly reduce emissions of NOx and PM. In total, the regulation is expected to reduce 187,000 tons of NOx emissions and 33,000 tons of PM emissions between 2009 and 2030. These expected emissions reductions will help California meet federal clean air standards. The regulation is also expected to prevent about 4,000 premature deaths over its course, while the associated health benefits would translate to significant health cost savings, an expected \$18 to \$26 billion in total.

BORDER ENVIRONMENTAL PROGRAM

The California - Baja California border region is a dynamic, ever-changing region with remarkable environmental challenges, cultural diversity, sensitive natural resources, and differences in technology. To address these environmental challenges that affect both sides of the border, a concerted and collaborative effort is required. This coordinated effort addresses issues with a multi-media basis that involves air, water, waste, and public health issues and is led and implemented by the Cal/EPA Border Affairs Unit (BAU).

Air Quality

In an effort to protect and improve the air quality in shared air basins, the Air Resources Board (ARB) has inspected heavy-duty vehicles at the Otay Mesa and Calexico international ports of entry since 1998, as required by SB 270 (Peace; Chapter 727, Stats of 1998). In view of the recent court rulings by the United States federal courts to allow Mexican trucks to roam freely throughout the U.S., the ARB is conducting heightened enforcement activities through additional personnel when inspecting North American Free Trade Agreement trucks to reduce the number of high polluting trucks entering California. The Board has alerted Mexico's Secretary of Transportation and Communications of these enforcement activities.

Border 2012 Program

Cal/EPA is a full fledged partner in this United States-Mexico Environmental Program, which aims to protect the environment and public health of the border region, consistent with the principles of sustainable development. The Secretary of Cal/EPA co chairs a Regional Work Group that coordinates activities at the local level and supports the efforts of several Task Forces aimed at addressing region-specific problems (e.g., enforcement, tires, water quality, etc).

Waste Tires

Mexico purchases over 3 million waste tires from California vendors to re-sell to their general public. These tires have a short life span and end up in illegal dumps, which pose a threat to California residents. The BAU, the California Integrated Waste Management Board (IWMB) and the U.S. Environmental Protection Agency are developing alternatives to rid the tire piles and assist Baja California in developing a regulatory program for waste tires. The IWMB and the BAU are currently undertaking a Tire Flow Study that will identify and help determine several aspects of tire economics, waste tire flow and environmental, and public health impacts. Additionally, in an effort to ensure compliance with state law, Cal/EPA and the IWMB conducted outreach workshops in Mexico in 2007 to train and educate Mexican would-be-tire-haulers. The goal is to certify, train and permit all individuals engaging in tire hauling activities within California, regardless of their origin.

BROWNFIELDS AND SITE CLEANUP

Angora Wild Fire Cleanup

In the wake of the June 24th Angora Wild Fire, the Integrated Waste Management Board (IWMB) with the on-site assistance of DTSC to oversee the collection of household hazardous waste removed nearly 60,000 tons of ash and rubble, allowing residents to begin to rebuild and bring a sense of normalcy back to their lives.

The model created for Angora (a comprehensive, unified approach to private property cleanup) was recognized nationally as a means to address the aftermath of devastating disasters such as wildfires. Even as fires engulfed major communities in Southern California in the fall of 2007, the Angora model was discussed with each affected jurisdiction. Many of the local jurisdictions with burned areas in Southern California have begun to implement the Angora model to address debris removal and cleanup.

Brownfield Cleanup in the Los Angeles Region

The Los Angeles Regional Quality Control Board has cleaned up 56 Brownfield sites resulting in the removal and proper disposal of 21,000 tons of contaminated soils, the extraction of 527,000 pounds of petroleum hydrocarbons from subsurface soils and the treatment of 367,000 gallons of tainted groundwater in the Los Angeles Basin, San Fernando Valley, San Gabriel Valley, San Pedro, Long Beach and Santa Clarita. Additionally, significant progress has been achieved at the 261-acre Douglas Park project in Long Beach and the 55-acre Honeywell site in El Segundo, the two sites will become mixed-use developments, and generate approximately 12,000 jobs and over \$4 million in annual revenue. DTSC cleaned up 196 brownfields sites, totaling 4,423 acres returning to safe reuse.

Schools Program

In 2007, DTSC cleared 117 school construction sites allowing the construction of 3,801 classrooms on 1,909 acres of property.

Military Base Reuse

DTSC has facilitated the return of over 112,000 acres of California's closed military bases to productive use, returning 67% of the jobs and economic revenue lost by the 1991 base closures back to California communities.

CALIFORNIA GREEN CHEMISTRY INITIATIVE

In April 2007, Secretary Adams launched the California Green Chemistry Initiative to consider a fundamentally new approach to protecting the public health and environment from harmful chemicals. DTSC Director Maureen Gorsen initiated the innovative and inclusive Conversation with California process to engage broad participation, generate ideas, set goals, and identify policy options to close information and safety gaps about chemicals. Over 600 participants joined the Conversation with California, attending public meetings, participating at several symposia and conferences, contributing via an

Internet-based “blog,” and providing more than 400 pages of written comments with more than 800 options.

Business and industry, environmental, community, and labor organizations, scientists and experts, international and other government representatives, and the general public were actively involved. The Air Resources Board, California Integrated Waste Management Board, Department of Pesticides, Office of Environmental Health Hazard Assessment, State Water Resources Control Board, and Department of Public Health staff members worked collaboratively on the respective Green Chemistry teams. DTSC is now compiling all of the submitted ideas, comments, and options into a summary report.

In January 2008, DTSC is embarking on the second phase of the Green Chemistry Initiative and will invite comments and participation. DTSC will gather detailed input on how options submitted during the Conversation with California might be implemented, by whom, in what manner, and over what time-period.

Through a public process, DTSC will seek advice and comment; and, it will evaluate different frameworks to select an appropriate portfolio of options with effective enforcement and compliance provisions. DTSC will present to the Secretary for Environmental Protection recommended integrated policy solutions, including voluntary, regulatory, and incentive-based measures, by July 1, 2008.

CLIMATE CHANGE

The Secretary for Environmental Protection is designated as the coordinator of state climate change activities under state law. The Secretary coordinates the activities of the Climate Action Team which is comprised of 12 state agencies collaborating on efforts to mitigate and adapt to climate change. The Secretary also coordinates the efforts to combat climate change on the regional, national and international level.

California Global Warming Solutions Act

The landmark California Global Warming Solutions Act of 2006 (AB 32, Nunez and Pavley; Chapter 488, Stats of 2006) has shaped many of the state’s climate change activities over the past year and will continue to be the primary climate policy driver. Accomplishments under the California Global Warming Solutions Act include:

- ARB adopted nine Discreet Early Action measures that must be enforceable by January 2010.
- ARB adopted a regulation to require mandatory reporting and verification of greenhouse gas emissions.
- ARB defined the 1990 statewide greenhouse gas emissions level and adopted it as the target limit to be achieved by 2020.

Intra and Intergovernmental Activities

The Secretary for Environmental Protection has overseen a number of cross-governmental efforts which are vital to the state's goals to reduce greenhouse gas emissions as well as to adapt to climate change. Under the direction of the Secretary, 11 sub-groups of the Climate Action Team have been collaborating on mitigation, adaptation and assessment activities. Over the past year these efforts have begun to focus on the development of mitigation strategies that will contribute to the Air Resources Board's Scoping Plan under the California Global Warming Solutions Act. Other accomplishments include:

- The Secretary coordinated the membership of all cabinet level agencies and departments in the California Climate Action Registry.
- The Secretary's Market Advisory Committee presented its recommendations to the Air Resources Board.
- The Climate Action Team and Air Resources Board reported on their early actions to mitigate greenhouse gas emissions.

The Secretary has also led efforts to facilitate integrated and consistent approaches to combat global climate change through regional, national and international partnerships, as required by the California Global Warming Solutions Act. These initiatives include:

- The Western Climate Initiative, which currently has 8 member states and provinces in the U.S. and Canada.
- The Climate Registry, which will provide consistent greenhouse gas accounting metrics for its members (currently 39 U.S. states, 4 Canadian provinces and 2 Mexican states).
- The International Carbon Action Partnership, the membership of which includes U.S. states and Canadian provinces and countries in the European Union.

Waste Management in Support of Climate Change

IWMB climate change efforts focus on reducing greenhouse gas emissions through increasing diversion from landfills and mitigating the greenhouse gas emissions from the remaining waste that is being disposed in landfills. Through waste diversion and recycling efforts already underway, California has reduced annual greenhouse gas emissions related to manufacturing and disposal by almost 4 million metric tons. IWMB is working to further reduce greenhouse gas emissions by developing strategies aimed toward dramatically increasing commercial recycling efforts and diverting organic materials from landfills. IWMB staff has worked closely with Air Resources Board staff to develop new regulations to require methane control measures at smaller landfills where control systems are not currently installed and to maximize methane capture efficiencies at landfills with control systems already in place.

CONSUMER PROTECTION

Angora Fire Operation

To protect homeowners from fraudulent contractors following the Angora Fire and in cooperation with the El Dorado District Attorney, DTSC undercover officers posed as homeowners and arrested eight people in two days for hauling hazardous waste without a license.

Protecting Children from Lead in Jewelry

The Department of Toxic Substances Control began enforcing a new California law (AB 1681, Pavley; Chapter 415, Stats of 2006) that went into effect this year on September 1, 2007 to protect young Californians from excessive exposure to lead in children's jewelry that is sold to state residents. This enforcement effort reinforces CalEPA's Green Chemistry Initiative to explore a different approach to environmental protection that transitions away from managing toxic chemicals at the end of the lifecycle, to reducing or eliminating their use altogether.

DTSC investigators purchased approximately 375 pieces of children's jewelry from a broad cross section of California stores. Laboratory results on more than a third of the samples tested so far found a third of the children's jewelry items have higher lead content than the law allows. In one example, a children's jewelry pendant purchased out of a vending machine at a restaurant in Oakland was determined to contain 368,000 parts per million of lead – 613 times more than what the law allows.

Toxics in Packaging Prevention Act Certificates of Compliance

Over one million lead contaminated totes were removed from grocery stores as a result DTSC implementing its new authority under the toxics in packaging requirements. The Toxics in Packaging Prevention Act limits the use of toxics metals (lead, mercury, chromium and cadmium) in consumer packaging. DTSC also requested written Certificates of Compliance from over 2,000 manufacturers, suppliers and purchasers of packaging or packaging components.

ENVIRONMENTAL HEALTH

Biomonitoring

OEHHA organized and conducted the first meeting of the Scientific Guidance Panel of the California Contaminant Biomonitoring Program, authorized by SB 1379 (Perata; Chapter 599, Stats of 2006).

Oil Spill Response

OEHHA fulfilled its role under Governor's Executive Order S-14-07, by completing expeditious testing and evaluation of marine life from the area impacted by the November San Francisco Bay oil spill, which determined that it was safe to resume fishing and human consumption of fish caught from the oil spill area.

Proposition 65

The Office of Environmental Health Hazard Assessment (OEHHA) developed and implemented the new prioritization process that led to identification of 11 chemicals that will have Hazard Identification Materials developed to inform possible future listing decisions under Proposition 65.

ENVIRONMENTAL JUSTICE

Cal/EPA's Environmental Justice Action Plan – Pilot Projects

In 2007, Board and Departments in Cal/EPA continued to implement and complete the pilot projects under the Agency's Environmental Justice Action Plan (e.g., a project regarding air monitoring for pesticide emissions in Parlier, California). In 2008, the Agency will focus on the development of guidance in two areas – cumulative impacts and precautionary approaches.

Cal/EPA's Environmental Justice Small Grants Program

In February of 2007, Cal/EPA announced that it was granting approximately \$300,000 in environmental justice grants to eligible projects. This program assists eligible community-based, non-profit entities and federally recognized tribal governments in addressing environmental justice issues.

Cal/EPA's Tribal Policy

In 2007, Cal/EPA developed a draft policy entitled Communication and Collaboration with California Indian Tribes. Cal/EPA released this draft in October, and Secretary Adams made a related formal presentation at U.S. EPA's annual tribal conference in October in Elko, Nevada. The draft policy includes a set of principles and an action plan for achieving those principles. Cal/EPA plans on finalizing the draft policy in 2008 after receiving comments from tribal stakeholders.

GOODS MOVEMENT ACTION PLAN

In January of 2007, Secretary Linda Adams (along with the Acting Secretary for the Business, Transportation and Housing Agency (BTH)), approved the State's Goods Movement Action Plan. This plan sets forth actions to address goods movement infrastructure needs in a manner that improves air quality and protects public health and improves California's quality of life. Cal/EPA and BTH finalized this plan after an extensive public process that included multiple work groups and meetings in affected communities. A key component of the plan is the Air Resources Board's Emission Reduction Plan for Ports and Goods Movement in California.

INNOVATIONS IN GOVERNMENT

DTSC has improved its permitting and site cleanup processes to better serve both the public and businesses it regulates.

Brownfield Cleanup Process

DTSC process improvement teams put in place measures to reduce the total time to cleanup Brownfield sites by 40% to speed up urban renewal and reduce sprawl. The target completion time for small voluntary cleanups is two years, and the target for complex cleanups is under 4 years.

Hazardous Waste Permit Innovations

DTSC has reduced permit renewal time from an average of 4.2 years to 2.8 years in 2007 with an ultimate goal of 1.5 years. Current and updated permits provide a higher level of public and environmental protection and address changing California business needs.

Permit Appeals Process

DTSC has instituted a timely and transparent process for responding to appeals on a final permit determination. All permit appeals are reviewed within 90 days with an appeals conference available to present the issues and concerns to the Appeals Officer.

Site Cleanup Process Innovations

DTSC formed multi-disciplinary technical teams to streamline the complex remedy selection phase of site cleanup and reduce site cleanup time by an average of 15 - 20%.

PESTICIDE RISK REDUCTION GRANTS

In 2007, the Department of Pesticide Regulation awarded \$585,000 in grants to reduce pesticide risks and support sustainable pest management in agricultural and urban settings. The Alliance grants program promotes Integrated Pest Management to minimize the need for chemicals in favor of preventive strategies that work with the environment. The grants are the first to be awarded since state budget cuts temporarily suspended the program in 2002.

POLLUTION PREVENTION

Partnership with Department of Conservation – Plastic Pollution Reduction

A \$6.6 million multi-year Interagency Agreement was finalized by DTSC and the Department of Conservation to reduce plastic pollution. The scope of work includes ways to reduce the impacts of plastic container manufacturing, plastic container recycling, and plastic containers disposed of in the environment. It also includes funding university research to develop biodegradable bioplastic materials.

SCIENCE REPORT

In November of 2007, Cal/EPA issued a report from Cal/EPA's Steering Committee for Science to the Secretary for Environmental Protection entitled The Quality and Role of Science in Cal/EPA. This is a report that the prior Secretary (Dr. Alan Lloyd) initiated and staff completed under the leadership of Secretary Adams. The Committee

considered results from questionnaires and an agency-wider survey. The report gives recommendations to the Secretary in the areas of consistency, leadership, organizational structure, staffing issues, communication, transparency, scientific advice and environmental indicators. The Secretary is already working to implement report recommendations, and this work will continue in 2008.

WASTE REDUCTION

Waste Diversion Continues to Rise

Californians kept more materials out of solid waste disposal facilities than ever before and reached an estimated statewide diversion rate of 54%. A successful partnership between state and local government and the solid waste industry increased California's diversion rate by 2%, or approximately 4 million tons over the previous year. Californians now divert an estimated 50 million tons of material per year, which is ten times the 5 million tons that the state diverted in 1989 when AB 939 was signed into law.

California Take It Back! Partnership

Over 600 members including Wal-Mart; IKEA; Pacific Gas and Electric; Southern California Edison and Ace Hardware participated to provide free; local and convenient locations for California residents to recycle their Household Universal Wastes.

E-Waste Compliance

DTSC adopted regulations and registered over 1000 e-waste collectors and nearly 200 e-waste recycling facilities. DTSC inspected approximately half of the e-waste recyclers and found that the rate of their compliance is increasing from last year.

E-waste Recycling

The Electronic Waste Recycling Act of 2003 established a comprehensive program to finance the end-of-life management of certain covered electronic wastes (CEW). The CEW recovery and recycling system administered jointly by the IWMB, DTSC, and Board of Equalization has been a resounding success in terms of fostering a robust collection and processing infrastructure for a problematic waste stream. Since its inception in January 2005, the program has fielded payment claims totaling over \$165 million, representing the handling and recycling of approximately 340 million pounds. The program continues to exceed projected quarter-to-quarter growth in the volume of CEW recovered.

Financial Assurances

In response to AB 2296 (Montanez, Chapter 504, Stats of 2006), the IWMB adopted regulations that require closure and post-closure maintenance cost estimates for solid waste landfills. These estimates are to be based on reasonably foreseeable costs that the state may incur if it is required to assume responsibility for the closure and post-closure maintenance, in the event that the owner/operator failed to live up to that responsibility.

WATER QUALITY

California Integrated Water Quality System (CIWQS)

The Water Boards CIWQS system successfully completed its first full year of receiving electronic submittal of Storm Water Annual reports. Online submittal is still voluntary, but approximately 800 reports were submitted using the online system. This equates to about 10 percent of the total reports received.

Central Coast Groundwater Cleanup of the Llagas Groundwater Basin

In the last year the number of households requiring replacement (bottled) water supply, due to supply well perchlorate concentrations above six parts per billion, decreased approximately 80%. This decrease in contaminated groundwater reflects recent and ongoing perchlorate soil and groundwater cleanup efforts.

Central Valley Mercury Cleanup

The Central Valley Regional Board, working with US EPA, CALFED, Fish and Game, Fish and Wildlife Service and other stakeholders, is developing a control program for the Delta and has already adopted control programs in Cache Creek and Clear Lake. Cache Creek is the most significant source of mercury to the Delta. A local stakeholder group has been formed to address mercury concerns in Clear Lake.

Confined Animal Feeding Operations (CAFOs)

In 2007, the Central Valley and Santa Ana Regional Boards adopted General Waste Discharge Requirements for CAFOs. In the Santa Ana Region, this order covers all of the nearly 200 dairies and related facilities within the Santa Ana Region. In the Central Valley Region, the General Order will require significant improvements in waste management practices at many of the 1,600 dairies located throughout the Central Valley. The California Dairy Quality Assurance Program started workshops in the fall of 2007 to help dairymen comply with the General Order. The regional board conducted 21 workshops in 10 counties, 1,700 dairymen, consultants, and representatives of the dairy industry and governmental agencies attended.

The Delta Watershed

In recent years there has been a marked decline in numerous pelagic fishes in the Delta. The on-going decline of the delta smelt, a federal and state threatened species, is of particular concern. To address the problem, the State Water Board and Central Valley and San Francisco Bay Regional Water Board have formed a Delta team to develop a comprehensive framework for correcting impairments to aquatic life in the Delta. A strategic work plan is scheduled to be completed in June 2008 that will outline how corrective actions can be implemented.

Groundwater Ambient Monitoring and Assessment (GAMA) Program

In 2007, the State Water Board's statewide GAMA Program had sampled over half (1,300) of the wells intended for sampling. These wells also cover over half of the 116 priority groundwater basins.

Infrastructure

The State Water Resources Control Board awarded more than \$1.1 billion dollars in loans or grants to help fund over 400 clean water infrastructure projects. These projects include the construction of municipal sewage and water recycling facilities, replacement or removal of leaking underground petroleum storage tanks, watershed protection and restoration projects, storm water pollution control projects, and clean beaches projects.

Total Maximum Daily Loads (TMDLs)

During 2007, the Regional Boards adopted 18 TMDLs, which include one for pesticide compounds for the San Diego Creek Watershed, a tributary to Newport Bay, one for sediment in the Napa River, and several for trash in the Los Angeles Region. Of these 18 TMDLs, 14 have been approved by the State Board, 12 have been approved by the Office of Administrative Law, and 16 have been approved by the United States Environmental Protection Agency.



CAL/EPA

2008 – 09 Budget Highlights

CALIFORNIA ENVIRONMENTAL PROTECTION AGENCY

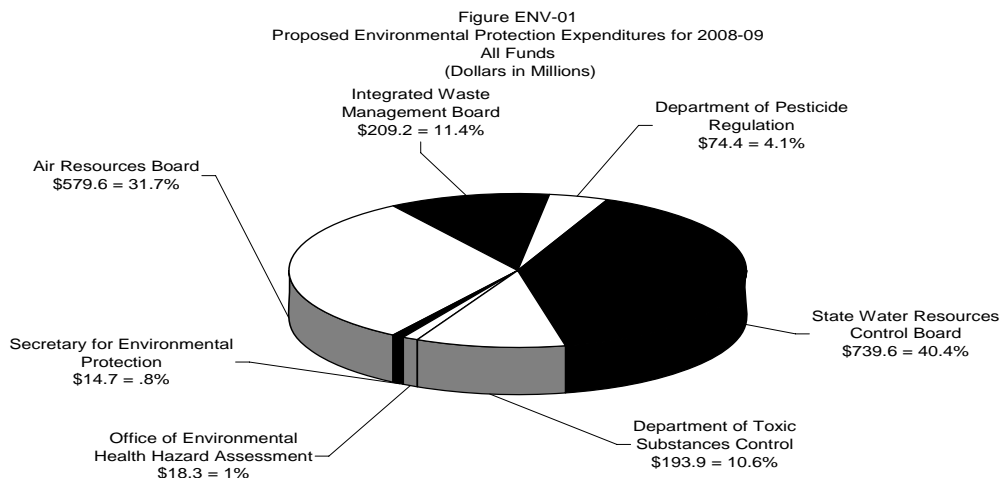
Agency-wide Summary Fiscal Year 2008-09 Budget Highlights (All Organizations; Dollars in Thousands)

<i>FUND SOURCE</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$81,686	\$83,385	+ \$1,699	+ 2.0%
Special Funds	\$1,168,385	\$1,143,801	- \$24,584	- 2.1 %
Bond Funds	\$852,852	\$399,493	- \$453,359	- 53.2%
Federal Funds	\$173,899	\$173,736	- \$163	- 0.1%
Other Funds	\$33,544	\$29,366	-\$4,178	- 12.5%
Total: All Funds	\$2,310,366	\$1,829,781	- \$480,585	- 20.8%
Personnel Years	4,827.1	4,980.2	+ 153.1	+ 3.2%

*This table does not reflect proposed General Fund reductions.

The Governor's Budget proposes \$1.8 billion (\$83.4 million General Fund and \$1.7 billion other funds) and 4,980.2 personnel years for the California Environmental Protection Agency (Cal/EPA) boards, departments, and offices. This represents an increase of 153.1 personnel years from the revised current year budget. The year-over-year decrease in total funds reflects less bond money available for expenditure in the budget year. The proposed resources support on-going regulatory programs that restore and protect environmental quality and protect public health.

These resources are allocated as shown below.



SECRETARY FOR ENVIRONMENTAL PROTECTION
(0555—Office of the Secretary for Environmental Protection)

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$2,058	\$2,093	+ \$35	+ 1.7%
Special Funds	\$10,392	\$10,675	+ \$283	+ 2.7%
Bond Funds	N/A	N/A	N/A	N/A
Federal Funds	\$0	\$0	0	0%
Other Funds	\$1,937	\$1,971	+ \$34	+ 1.8%
Total: All Funds	\$14,387	\$14,739	+ \$352	+ 2.4%
Personnel Years	67.7	67.7	0	0%

*This table does not reflect proposed General Fund reductions.

The Secretary for Environmental Protection, a member of the Governor's Cabinet, supervises and coordinates the State's environmental protection programs—with particular focus on improving cross-media collaboration, enhancing risk assessment, enforcing laws consistently and fairly, and measuring and reporting results.

The Secretary oversees the Air Resources Board, the Department of Pesticide Regulation, the Department of Toxic Substances Control, the Integrated Waste Management Board, the Office of Environmental Health Hazard Assessment, and the State Water Resources Control Board. The Secretary also administers the Climate Action Team, the Education and the Environment Initiative, California-Mexico Border Coordination, and the Children's Environmental Health, Environmental Justice, Environmental Law Enforcement, and Scientific Peer Review Programs.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$14.7 million (All Funds) and 67.7 personnel years for the Secretary for Environmental Protection.

Proposed General Fund Reductions

FY 2007-08

- \$100,000 General Fund Reduction

FY 2008-09

- \$209,000 General Fund Reduction

The Budget Balancing Reduction proposal will result in a reduction of expenditures for the support of the various program components, such as general expense, contracts, workshops, meetings, and forums.

**AIR RESOURCES BOARD
(3900—ARB)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$2,377	\$2,432	+ \$55	+ 2.3%
Special Funds	\$294,674	\$306,288	+ \$11,614	+ 3.9%
Bond Funds	\$442,343	\$250,534	- \$191,809	- 43.4%
Federal Funds	\$14,777	\$14,924	+ \$147	+ 1.0%
Other Funds	\$5,376	\$5,460	+ \$84	+ 1.6%
Total: All Funds	\$759,547	\$579,638	- \$179,909	- 23.7%
Personnel Years	1,189.5	1,274.8	+ 85.3	+ 7.2%

*This table does not reflect proposed General Fund reductions.

The Air Resources Board (ARB) has the responsibility to protect the public health of Californians by ensuring that federal and state health-based air quality standards are achieved and exposure to air pollutants is reduced through a variety of controls for mobile and stationary sources of pollution. ARB adopts and enforces emission standards for motor vehicles, fuels, consumer products, toxic air contaminants, and oversees 35 local air pollution control districts. ARB is also the lead for implementation of the Global Warming Solutions Act of 2006.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$579.6 million (All Funds) and 1,274.8 personnel years for ARB's programs. The major changes include:

- \$8.5 million (Special Funds) and 44.1 personnel years to implement and enforce regulatory measures related to controlling toxic diesel particulates and other pollutants which include those related to in-use off-road diesel vehicles, truck idling restrictions, composite wood formaldehyde emissions, and diesel auxiliary engines for port and ocean-going vessels.
- \$5.6 million (Special Funds) and 25.8 personnel years for additional staff and resources for the Ongoing Implementation of the Global Warming Solutions Act of 2006 to continue implementation of strategies to reduce greenhouse gas emissions. These resources include 24 personnel years to accelerate the development of additional early action measures, both regulatory and non-regulatory, to reduce greenhouse gas emissions, primarily from the trucking and port industries, cement, semi-conductor and consumer product industries.

- \$1.7 million (Special Fund) and 9.6 personnel years (eight permanent and two three-year limited term) to develop and implement the Air Quality Improvement Program and Enhanced Fleet Modernization Program components of the new programs authorized by AB 118, Nunez; Chapter 750, Stats of 2007. This proposal also includes expenditure authority beginning in the 2009-10 fiscal year of and additional \$48.3 million Air Quality Improvement Fund dollars annually to provide authority for grants to be allocated beginning in 2009-10.
- \$6 million (Special Fund) for Zero Emission Vehicles and Infrastructure to continue implementation of the Zero Emission Vehicle Regulations which reduce greenhouse gas, criteria pollutant and toxic air emissions, reduce the state's dependence on petroleum and continue the state's effort to increase the use of renewable fuels. These funds will also continue the efforts to implement the California Hydrogen Highway Plan by offering grants to establish hydrogen refueling stations.
- \$0.145 million (Special Fund) and 0.9 personnel years to meet the provisions of the "Diesel Vehicle and Engines: Healthy Heart and Lung Act," which was enacted as Chapter 592, Statutes of 2007 (Assemble Bill 233 - Jones). This act requires ARB to develop a plan for enforcing diesel regulations for on-road and off-road vehicles and engines; increases the fine for violating diesel engine idling requirements; and requires the Department Motor Vehicles to refuse registration of any diesel-fueled commercial motor vehicle if it has an outstanding ARB violation.
- The proposed Governor's Budget includes a second year of funding from Proposition 1B Bond Funds in the amount of \$250 million to further reduce diesel emissions associated with goods movement throughout the state.

Proposed General Fund Reductions

FY 2007-08

- \$100,000 General Fund Reduction

FY 2008-09

- \$243,000 General Fund Reduction

The Budget Balancing Reduction proposal will reduce General Fund support for ARB's air pollution research contracts.

**INTEGRATED WASTE MANAGEMENT BOARD
(3910—IWMB)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
General Fund	\$0	\$0	\$0	0%
Special Funds	\$244,104	\$207,510	- \$36,594	- 14.99 %
Bond Funds	\$0	\$0	\$0	0%
Federal Funds	\$0	\$200	+\$200	+20,000 %
Other Funds	\$338	\$1,505	+\$1,167	+ 345 %
Total: All Funds	\$244,442	\$209,215	-\$35,227	- 14.4 %
Personnel Years	465.8	469.5	+ 3.7	+ .8 %

The Integrated Waste Management Board (IWMB) assists and oversees local agency regulation of solid waste facilities, including landfills, and administers programs that reduce, reuse, or recycle materials, such as compost, tires, used oil, plastics, and electronic products. IWMB's programs include research, market development, public awareness, and technical assistance, as well as permitting, inspection, and enforcement.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$209.2 million (All Funds) and 469.5 personnel years for IWMB programs. The major changes include:

- Education and the Environment Initiative - The Budget includes \$1.167 million in funding and one limited term position for Phase Five of this initiative. AB 1548, Pavley; Chapter 665, Stats of 2003, established this program and requires that Cal/EPA develop and implement a comprehensive strategy so elementary and secondary schools teach required academic content standards via environmental principles. This phase of the initiative will include panel reviews, pilot and field testing of education curriculum and the development plan for training teachers state-wide.
- Pharmaceutical Drug Waste Disposal – The Budget includes \$79,000 and the authority to establish one full time position to develop and evaluate model programs for the convenient collection and proper disposal of drug waste; and to report to the Legislature with recommendations based on these evaluations.
- Electronic Waste Recycling – Due to the success of the Electronic Waste Recycling program, the Budget includes a mid-year revision to increase

expenditure authority by \$30 million in FY 07/08 for recovery and recycling payments. The budget for FY 08/09 does not include the increase in expenditure authority because the Electronic Waste Recycling and Recovery Account will not have the funds available to cover this level of payments. As a result, the IWMB will need to exercise its statutory authority to re-evaluate and change its fee structure and recycling payment rates for FY 08/09.

**DEPARTMENT OF PESTICIDE REGULATION
(3930—DPR)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
General Fund	N/A	N/A	N/A	N/A
Special Funds	\$67,602	\$71,617	+ \$4,015	+ 5.9%
Bond Funds	N/A	N/A	N/A	N/A
Federal Funds	\$2,229	\$2,237	+ \$8	+ 0.4%
Other Funds	\$806	\$559	- \$247	- 30.7%
Total: All Funds	\$70,637	\$74,413	+ \$3,776	+ 5.3%
Personnel Years	367.7	382.9	15.2	4.1%

The Department of Pesticide Regulation (DPR) protects public health and the environment through the nation's most rigorous and comprehensive program to evaluate pesticides and control pesticide use. The mission of DPR is to protect human health and the environment by regulating pesticide sales and use and by fostering reduced-risk pest management. DPR's oversight responsibilities include scientific evaluation of pesticides before they are licensed for sale; residue testing of fresh produce; environmental and occupational monitoring to detect, reduce, and prevent contamination and unacceptable human exposure; licensing of pest control applicators and businesses and enforcement to ensure pesticides are used legally.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$74.4 million (All Funds) and 382.9 personnel years for DPR's programs. The major changes include:

- Volatile Organic Compound (VOC) Reduction – Addition of 10.4 personnel years and \$2,622,000 (\$1,332,000 State Operations and \$1,290,000 Local Assistance) from the DPR Fund to implement regulations that reduce VOC emissions from pesticides to attain national air quality standards in California. DPR has been ordered by the U.S. District Court to issue regulations to reduce VOC emissions. The regulations will reduce VOC emissions by prohibiting high emissions application methods and by managing overall fumigant emissions through an allowance process.

**STATE WATER RESOURCES CONTROL BOARD
(3940—SWRCB)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$41,914	\$43,016	+ \$1,102	+ 2.5%
Special Funds	\$420,624	\$413,197	- \$7,427	- 1.7%
Bond Funds	\$410,509	\$148,959	- \$261,550	- 175.6%
Federal Funds	\$128,578	\$128,470	- \$108	0%
Other Funds	\$9,999	\$5,914	- \$4,085	- 69.1%
Total: All Funds	\$1,011,624	\$739,556	- \$272,068	- 36.8%
Personnel Years	1,592.7	1,627.2	+ 34.5	+ 3.3%

*This table does not reflect proposed General Fund reductions.

The State Water Resources Control Board (State Water Board) and the nine Regional Water Quality Control Boards (Regional Boards) preserve, enhance and restore the quality of California's water resources, and ensure their proper allocation and efficient use for the benefit of present and future generations. State Water Board activities include regulatory oversight of the State's surface, ground and coastal waters; allocation of unappropriated water; control of unauthorized water diversions; and protection of water quality in watersheds and coastal waters from point source and nonpoint sources of pollution.

The Governor's Budget for Fiscal Year 2008-09 provides \$739.6 million and 1,627 personnel years for the State and Regional Water Boards. The major changes include:

- The large decrease in the State Water Board's budget in FY 2008-09 is mainly due to one-time bond allocations in the current fiscal year. The Board is currently working on distributing all of the current year bond resources.
- \$1.3 million and 8.6 PYs for Investigations and Enforcement activities. These resources will be used to augment enforcement staff in order to undertake more timely and appropriate enforcement actions for violations of water quality requirements.
- \$130.3 million in local assistance for Propositions 204, 13, 40, 50, and 84 to fund projects to improve water quality, such as watershed protection, clean beaches, water recycling, and agricultural drainage loans.

- An increase of \$10.2 million Underground Storage Tank Cleanup Fund to reimburse eligible claimants for costs incurred for cleanup activities related to leaking underground storage tanks and to pay for costs to remediate petroleum contamination at specified sites.

Proposed General Fund Reductions

FY 2007-08

- \$1 million General Fund Reduction
- \$900,000 reduction from the Water Quality Program
- \$100,000 reduction from the Water Rights Program

FY 2008-09

- \$4.3 million General Fund Reduction and the loss of 12.0 positions

The Budget Balancing Reduction Proposal will impact a variety of programs; causing various program delays:

- \$3.7 million reduction and 10.0 positions from various Water Quality Programs
- \$390,000 reduction and 2.0 positions from the Water Rights Program
- \$253,000 reduction from Administrative overhead

**DEPARTMENT OF TOXIC SUBSTANCES CONTROL
(3960—DTSC)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$26,047	\$26,287	+ \$240	+ 0.9%
Special Funds	\$124,532	\$128,084	+ \$3,552	+ 2.9%
Bond Funds	N/A	N/A	N/A	N/A
Federal Funds	\$27,801	\$27,391	- \$410	- 1.5%
Other Funds	\$13,296	\$12,140	- \$1,156	- 8.7%
Total: All Funds	\$191,676	\$193,902	+ \$2,226	+ 1.2%
Personnel Years	1,024.6	1,036.2	+ 11.6	+ 1.1%

*This table does not reflect proposed General Fund reductions.

The Department of Toxic Substances Control's (DTSC's) mission is to provide the highest level of safety and to protect public health and the environment from toxic harm. DTSC accomplishes its mission by promoting pollution prevention, cleaning up sites, providing emergency response and enforcing and managing hazardous waste. DTSC's programs include the Site Mitigation and Brownfield Reuse Program, the Hazardous Waste Management Program and the Science, Pollution Prevention and Technology Program.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$193.9 million (All Funds) and 1,036.2 personnel years for DTSC. The major changes include:

- Pollution Prevention: \$0.772 million (Special Funds) and 6.0 positions to enhance Green Chemistry efforts by expanding the existing Pollution Prevention (P2) program to work with six industry sectors rather than two industries every two years to identify and develop source (e.g., safer and greener alternatives) and pollution reduction strategies and measure the effectiveness of implementing P2 (SB 1916, Sher; Chapter 881, Stats of 1998). Additionally, the funds will provide symposia that highlight and assist in outreach for the SB 1916 program as well as look at future emerging issues, such as pharmaceutical and nanotechnology wastes and incorporate Green Chemistry goals to reduce or prevent wastes.
- BKK Hazardous Waste Landfill: \$.547 million (General Fund) and 2.0 positions to fund emergency repairs and interim upgrades, and begin the characterization, associated risk assessment, and options analysis necessary to remedy

uncontrolled releases of hazardous wastes from the BKK Hazardous Waste Landfill located in West Covina, Los Angeles County.

- AB 1109 (Huffman, Chapter 534, Stats 2007): \$0.433 million (Special Funds) and 3.0 positions to implement and enforce the California Lighting Efficiency and Toxics Reduction Act. AB 1109 prohibits the manufacture and sale in California of general purpose lighting products that contain hazardous substances in excess of amounts allowed in the European Union and creates new information gathering and enforcement responsibilities.

Proposed General Fund Reductions

FY 2007-08

- \$1.3 million which includes \$1.25 million in illegal drug lab removals and off-highway spill removal contract dollars and \$0.05 million in administration. This reduction would be in addition to the \$1.05 million reduction pursuant to Section 4.05 of the 2007 Budget Act.

FY 2008-09

- \$2.628 million which includes \$2.498 million in illegal drug lab removals and off-highway spill removal contract dollars, \$0.034 million in equipment maintenance contract dollars for the California Environmental Contaminant Biomonitoring Program, and \$0.096 million in administration.

**OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT
(3980—OEHHA)**

Fiscal Year 2008-09 Budget Highlights
(Dollars in Thousands)

<i>Fund Source</i>	<i>Current Year 2007-08</i>	<i>Budget Year 2008-09</i>	<i>Change</i>	
			<i>Amount</i>	<i>Percentage</i>
*General Fund	\$9,290	\$9,557	+ \$267	+ 2.9%
Special Funds	\$6,457	\$6,430	- \$27	-0.4%
Bond Funds	N/A	N/A	N/A	N/A
Federal Funds	\$514	\$514	\$0	0%
Other Funds	\$1,792	\$1,817	+ \$25	+1.4%
Total: All Funds	\$18,053	\$18,318	+ \$265	+1.5%
Personnel Years	119.1	121.9	+ 2.8	+ 2.4%

*This table does not reflect proposed General Fund reductions.

The Office of Environmental Health Hazard Assessment (OEHHA) protects and enhances public health and the environment by objective, scientific evaluation of risks posed by hazardous substances. OEHHA serves as risk assessor for various regulatory programs under the California Environmental Protection Agency as well as other state and local agencies. OEHHA provides these programs with the scientific tools and information for risk management decisions.

The Governor's Budget for fiscal year 2008-09 proposes a total of \$18.3 million (All Funds) and 121.9 personnel years for OEHHA's programs. The major change includes:

- \$104,000 (Special Fund) and 1.0 position to assist in the assessment of chemical health effects to Pesticides' rulemaking process for the development of pesticide and worker safety regulations as required under Food and Agricultural Code Section 12980.

Proposed General Fund Reductions
FY 2007-08

- \$100,000 reduction in consultant and professional services in the areas of biomonitoring and pesticide risk assessment.

FY 2008-09

- \$956,000 reduction and 4.5 positions in the following areas: 1) Fuels evaluations; 2) Safe Harbor Numbers for chemicals under the Proposition 65

program; 3) Toxic Air Contaminants; 4) Public Health Goals; and, 5) Executive and Administrative support. This Budget Balancing Reduction Proposal will result in fewer health risk assessments and/or evaluations in the above mentioned program activities.